

# County of Wetaskiwin No. 10

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**Strong Proactive Leadership • Safe Progressive Communities**

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July 31, 2020

Honourable Jason Kenney  
Premier, President of Executive Council  
Office of the Premier  
Executive Branch  
307 Legislature Building  
10800 - 97 Avenue  
Edmonton, AB  
T5K 2B6

Dear Premier:

**RE: Assessment Model Review**

At a town hall event hosted by the Rural Municipalities of Alberta (RMA) on July 24, 2020, the County of Wetaskiwin was made aware of proposed changes to the assessment model for regulated oil and gas properties, including wells and pipelines. While we understand that these changes are intended to enhance the competitiveness of large multinational oil and gas businesses, they will have serious ramifications and extreme negative consequences on the sustainability of rural municipalities and smaller businesses in the industry. Additionally, these changes offer no guarantee or assurance that companies would have to reinvest any savings in Alberta. The County strongly opposes the proposed scenarios for change that have been outlined by the provincial government, as these scenarios will ultimately place an undue and outright discriminatory burden on our residents, smaller oil and gas companies, and other commercial businesses.

Based on the scenarios that have been presented, the County would face a revenue shortage of anywhere between \$1.9 million and \$3.8 million at the onset of the proposed changes. The data presented in this review only covers a single-year scenario. As such, based on the impact of depreciation year over year, it is very likely that this shortfall will be higher in future years. In order to maintain the services that our residents depend upon, the County would have to consider raising the residential mill rate by anywhere between 35.5% and 70.7%, the non-residential mill rate by between 18.3% and 44.5%, or some combination of the two. Alternatively, we would be forced to drastically cut our services by terminating up to thirty-eight percent (38%) of our full-time staff or making cuts to other vital expenditures, such as investment in our capital infrastructure or preventative maintenance of our roads and bridges, to avoid passing this unfair and unwarranted provincial download onto our residents and businesses. Realistically speaking, we would likely have to enact a combination of all the above options just to maintain long-term viability, and some municipalities may have to do so to maintain short-term viability.

Additionally, based on the data presented from this review, only those oil and gas companies with an assessed asset value greater than \$500 million would be the only significant beneficiaries under each scenario, representing twenty-seven (27) firms out of 750, or just barely 3.5%. In fact, it is only under Scenario D, which would have the most extreme negative impact on municipal viability and would see

the County lose eleven percent (11%) of its total revenue, totalling \$3.8 million at a minimum annually, that all sizes of oil and gas firms would see economic savings. As we have previously stressed, many of the companies that would benefit most from these changes have holdings worldwide and would have no obligation to reinvest their savings in Alberta. Put simply, these changes do not guarantee a positive economic impact for rural Albertans, either through job creation or investment to infrastructure.

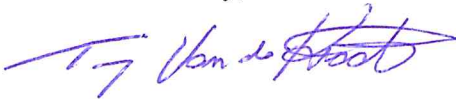
The County cannot stress enough our disappointed in that this review has occurred with extremely limited transparency and direct consultation. Neither the County nor any other rural municipality were directly included in this year-long process. Given the far-reaching and wide-ranging negative consequences that will arise for rural communities if any of these scenarios are adopted, it is frankly unacceptable for municipalities to be given such a limited window of opportunity for comment.

The County has already made significant cuts to operations and levels of service in order to avoid passing the full burden of recent provincial downloads, such as changes to the police costing formula, onto our residents and businesses. Even with the trimming we have made to our operations, we have been forced to increase the tax burden on our residents to meet these external challenges. There are only so many reductions that we can make before the negative impacts on services we provide for our community considerably outweigh the theoretically positive impacts that the Government of Alberta achieves through their continual download of costs to municipalities and Rural Albertans.

The changes being proposed because of this review will simply absolve large companies in a single industry from their responsibilities, while unfairly increasing the burden on residents, small firms in the industry, and those businesses in other industries. This unethical manipulation of a long-standing assessment system on the part of the provincial government as a means of appeasing the largest firms in a single industry will decimate the viability of rural municipalities. Rural Alberta is an immensely important segment of this Province and is one of the most critical support bases of this government. Without Rural Albertans, you would not have achieved, as you have stated, "*the largest democratic mandate in Alberta history.*"

If there are any questions or concerns regarding the position of the County of Wetaskiwin, please advise. The County hopes that the Government of Alberta take our concerns seriously, and we look forward to a solution that supports all citizens that enjoy a quality rural lifestyle in the County and throughout Alberta.

Yours sincerely,



Terry Van de Kraats  
Reeve

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cc: Honourable Kaycee Madu, Minister of Municipal Affairs  
Honourable Rick Wilson, Minister of Indigenous Relations, MLA, Maskwacîs-Wetaskiwin  
Honourable Jason Nixon, Minister of Environment and Parks, MLA, Rimbey-Rocky Mountain  
House-Sundre  
Honourable Sonya Savage, Minister of Energy  
Honourable Doug Schweitzer, Minister of Justice & Solicitor General  
Honourable Dale Nally, Associate Minister of Natural Gas and Electricity  
Honourable Grant Hunter, Associate Minister of Red Tape Reduction  
Mr. Al Kemmere, President, Rural Municipalities of Alberta (RMA)  
Mr. Barry Morishita, President, Alberta Urban Municipalities Association (AUMA)  
Mayors & Reeves of Adjacent Municipalities to the County of Wetaskiwin  
County of Wetaskiwin Council